

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOTE-00 INR-11 NSAE-00 RSC-01 FAA-00 AID-20 FRB-03

TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01

OMB-01 PA-04 PRS-01 USIA-15 DRC-01 /134 W

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R 152132Z JUL 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3978

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E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: CIVAIR: 9.5 PERCENT DOMESTIC FARE INCREASE

CHALLENGED BY CONSUMER GROUP

REF: OTTAWA 1804

1. DOMESTIC AIR PASSENGER FARE INCREASES AVERAGING 9.5 PERCENT (EFFECTIVE JULY 21 FOR AIR CANADA, CP AIR AND FOUR OF THE REGIONAL CARRIERS, AND AUGUST 1 FOR NORDAIR) HAVE BEEN FILED WITH CANADIAN TRANSPORT COMMISSION (CTC). CONSUMER ASSOCIATION OF CANADA (CAC) IN UNPRECENTED MOVE IS ATTEMPTING GET CTC DETERMINE WHETHER INCREASES ARE JUSTIFIED. AT MOMENT ARGUMENTS RELATE TO PROCEDURE ONLY AND CAC REQUEST FOR SUSPENSION PENDING PUBLIC HEARING HAS BEEN REBUFFED BY CTC.

2. OFFICIALS OF AIR TRANSPORT ASSOCIATION OF CANADA AND OF TWO REGIONAL CARRIERS HAVE EXPRESSED CONCERN TO TCO OVER POSSIBLE OUTCOME THIS CASE AND ITS SIGNIFICANCE FOR FUTURE. THEY FEAR THAT TRADITIONAL FUBBER STAMP ROLE OF CTC IN RELATION TO AIR FARES MAY BE REPLACED BY DETAILED SCRUTINY OF FINANCIAL SITUATION INDIVIDUAL
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CARRIERS AND ARE FEARFUL THAT PRESENT CAC ACTION WILL

BE CARRIED INTO COURTS WHICH WILL ORDER CTC UNDERTAKE
FULL JUSTIFICATION. LAW GOVERNING CTC RESPONSIBILITY
NOT SUFFICIENTLY CLEAR FOR PREDICTION ULTIMATE DISPOSITION
OF CASE. FINALLY, THEY SUGGESTED CAC BUDGET CONTAINS
LARGE ELEMENT OF FINANCIAL SUPPORT FROM GOC DEPT OF
CONSUMER AND CORPORATE AFFAIRS WHICH COULD BE USED
FINANCE MAJOR COURT EFFORT IF CTC REJECTS CHALLENGE
AT THIS STAGE.

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Message Attributes

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